

HB 1021 - DIGEST

Finds that consumers should be able to access loans at reasonable rates; no one should have to pay usurious interest rates. Paying the interest rates associated with payday loans can cause a borrower to need a loan to pay off their loan. By turning to payday loans again and again, the borrower can become trapped in a debt cycle.

Declares that the director of the department of financial institutions must ensure compliance with laws prohibiting rollovers by thorough and regular examinations and investigations. Violations of the prohibition on rollovers or other consumer protections by a licensee in chapter 31.45 RCW must be followed by timely and appropriate disciplinary actions.

Provides that military borrowers, as defined in RCW 31.45.210(3), must be offered the payment plan option terms and conditions in RCW 31.45.210(2).

Requires that a licensee shall: (1) When collecting any delinquent small loan, not garnish any wages or salary paid for service in the armed forces;

(2) Defer any payments on a small loan that was taken out prior to deployment by a military borrower who has been deployed to a combat or combat support posting until thirty days after the duration of the posting. A licensee shall not charge a fee or accrue interest on a small loan while the payments are deferred;

(3) Defer until thirty days after the duration of the posting all collection activity against a military borrower who has been deployed to a combat or combat support posting;

(4) Not contact, or threaten to contact, either orally or in writing, the military chain of command of a military borrower in an effort to collect a delinquent small loan;

(5) Not communicate with a military borrower in such a manner as to harass, intimidate, threaten, or embarrass the military borrower, including but not limited to communication at an unreasonable hour, with unreasonable frequency, by threats of force or violence, by threats of criminal prosecution, and by use of offensive language.

Requires the director of the department of financial institutions to study the merits of implementing a real-time database that allows licensees to verify if a consumer has an outstanding small loan. The director shall study the cost of a database and the effectiveness of a database in limiting the possibility of an excessive number of contemporaneous loans. The director must provide the findings of this study to the committees of the legislature that address financial regulation no later than November 30, 2007. The director may include recommendations based upon the study.